

TOWNSHIP OF MILLBROOK
MECOSTA COUNTY, MICHIGAN

FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Millbrook</i>	County <i>Macomb</i>
Audit Date <i>3/31/04</i>	Opinion Date <i>7/16/04</i>	Date Accountant Report Submitted to State: <i>8/7/04</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <i>Bang E. Gaudette CPA PC</i>			
Street Address <i>1107 E. 8th Street</i>		City <i>Traverse City</i>	State <i>MI</i> ZIP <i>49606</i>
Accountant Signature <i>Bang E. Gaudette CPA</i>			

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INTRODUCTORY SECTION

TOWNSHIP OF MILLBROOK
MECOSTA COUNTY, MICHIGAN
ORGANIZATION
MARCH 31, 2004

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OFFICERS AND BOARD MEMBERS

Jody K. Birch

Supervisor

Eleanor Stickler

Clerk

Sally D. Birch

Treasurer

John E. Orr

Trustee

Randy Spayd

Trustee

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the Township of Millbrook, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Township of Millbrook's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Since it was not practical to extend our auditing procedures into the prior unaudited year, we are unable to express an opinion on the consistency of application of accounting principles with the preceding year.

In our opinion, except for the effects of the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Millbrook, Michigan at March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Barry E. Gaudette, CPA, PC

July 16, 2004

FINANCIAL SECTION

Financial Statements

TOWNSHIP OF MILLBROOK
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004
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	<u>Governmental</u> <u>Fund Types</u>
	<u>General</u>
 <u>ASSETS</u>	
Cash in bank	\$ 197,924
Due from other funds	25,624
Building	
Equipment	
 TOTAL ASSETS	 <u>\$ 223,548</u>
 <u>LIABILITIES & FUND EQUITY</u>	
 <u>LIABILITIES:</u>	
Due to other funds	\$ _____
 TOTAL LIABILITIES	 _____
 <u>FUND EQUITY:</u>	
Investment in general fixed assets	
Fund balances:	
Reserved	
Unreserved:	
Undesignated	<u>223,548</u>
 TOTAL FUND EQUITY	 <u>223,548</u>
 TOTAL LIABILITIES & FUND EQUITY	 <u>\$ 223,548</u>

See notes to financial statements

<u>Fiduciary Fund Types</u>	<u>Account Group</u> <u>General</u> <u>Fixed</u> <u>Assets</u>	<u>Totals</u> <u>(Memorandum Only)</u>
\$ 27,473	\$	\$ 225,397
		25,624
	56,283	56,283
	<u>31,012</u>	<u>31,012</u>
<u>\$ 27,473</u>	<u>\$ 87,295</u>	<u>\$ 338,316</u>
\$ 25,624	\$	\$ 25,624
<u>25,624</u>		<u>25,624</u>
	87,295	87,295
1,849		1,849
		<u>223,548</u>
<u>1,849</u>	<u>87,295</u>	<u>312,692</u>
<u>\$ 27,473</u>	<u>\$ 87,295</u>	<u>\$ 338,316</u>

TOWNSHIP OF MILLBROOK
**STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND TYPES**
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>
	<u>General</u>
REVENUES:	
Taxes	\$ 27,335
State grants	82,920
Charges for services	6,961
Sales	650
Interest and rentals	4,186
Other revenue	<u>902</u>
TOTAL REVENUES	<u>122,954</u>
EXPENDITURES:	
Current:	
Legislative	10,985
General government	39,963
Public safety	1,800
Public works	163,519
Capital outlay	<u></u>
TOTAL EXPENDITURES	<u>216,267</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93,313)
FUND BALANCE, beginning	<u>316,861</u>
FUND BALANCE, ending	<u>\$ 223,548</u>

See notes to financial statements

TOWNSHIP OF MILLBROOK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004

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	General Fund		Variance
	Original Budget	Actual	Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 27,351	\$ 27,335	\$
State grants	90,342	82,920	
Charges for services	200	6,961	
Sales	300	650	
Interest and rentals	6,184	4,186	
Other revenue	<u>411</u>	<u>902</u>	
TOTAL REVENUES	<u>124,788</u>	<u>122,954</u>	<u>(1,834)</u>
EXPENDITURES:			
Current:			
Legislative	5,166	10,985	(5,819)
General government	41,810	39,963	1,847
Public safety	2,400	1,800	600
Public works	80,000	163,519	(83,519)
Capital outlay			
TOTAL EXPENDITURES	<u>129,376</u>	<u>216,267</u>	<u>(86,891)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,588)	(93,313)	(88,725)
FUND BALANCE, beginning	<u>315,775</u>	<u>316,861</u>	<u>1,086</u>
FUND BALANCE, ending	<u>\$ 311,187</u>	<u>\$ 223,548</u>	<u>\$ (87,639)</u>

See notes to financial statements

TOWNSHIP OF MILLBROOK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
TRUST FUNDS

FOR THE YEAR ENDED MARCH 31, 2004

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	Year Ended March 31, 2004
REVENUES:	
Reimbursements	\$ 1,214
Perpetual care	300
Interest earnings	<u>9</u>
TOTAL REVENUES	1,523
 EXPENSES	 <u>1,214</u>
 NET INCOME	 309
 FUND BALANCE, beginning	 <u>1,540</u>
FUND BALANCE, ending	<u>\$ 1,849</u>

See notes to financial statements

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Millbrook have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Township are described below.

A. Reporting Entity

The Township of Millbrook (population 1,081) operates under a Board-Supervisor form of government and provides services in many areas including public safety, road maintenance, street lights, recreation programs and general administrative services.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the National Council of Governmental Accounting (NCGA) Statement No. 3. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Township's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Township and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the financial statements of certain other governmental organizations are not included in these financial statements.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

The accounts of the Township are organized on the basis of funds and an account group, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance, revenues and expenditures.

Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund type categories, three funds, and one account group as follows:

Governmental Fund Types

These Funds are those through which most governmental functions typically are financed. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of the financial resources) rather than upon net income. The following is a description of the Governmental Fund Types of the Township:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State distributions and grants, and other intergovernmental revenues.

Fiduciary Fund Types

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Township has one Fiduciary Fund as follows:

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Agency Funds

Agency Funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations. The Township's Tax Collection Fund is an Agency Fund.

Expendable Trust Funds

The measurement focus of the Expendable Trust Funds is the same as for Governmental Funds. The Township's Cemetery Perpetual Care and Pension Plan Trust Funds are Expendable Trust Funds.

Account Group

Account Groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the following:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to maintain control and cost information for all fixed assets of the Township.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

All Governmental Funds (General Fund) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, property taxes and other revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting - Continued

enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seem certain.

D. Cash and Cash Investments

Deposits are carried at cost. Act 217, P.A. 1982, authorizes the Township to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States, United States Government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund.

E. Property Tax Revenue Recognition

Property tax revenues are recognized in the fiscal year for which they have been levied and become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay current period liabilities. The current period referred to here is a period of time not exceeding 60 days.

F. Inventories

Materials and supplies are expensed as purchased.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. General Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Fund Types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. There, the reported fund balance (net current assets) is considered a measure of "available spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in Governmental Fund Type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in Governmental Funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets.

General fixed assets are recorded as expenditures in the General Fund at the time of purchase. Depreciation has not been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if the actual historical cost information is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

H. Capitalization of Interest on Fixed Assets

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized. They are capitalized only to the extent that interest cost exceeds interest earned on related interest bearing investments. The Township did not capitalize interest on fixed assets in the current year.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Accumulated Fund Deficits

There were no accumulated fund deficits in the individual funds at March 31, 2004.

J. Encumbrance System

The Township does not use an encumbrance system.

K. Allowance for Doubtful Accounts

The Township does not use an allowance for doubtful accounts.

L. Accrued Vacation and Sick Leave

The Township does not provide sick and vacation benefits for its employees.

M. Fund Balance Reserve

The Fund Balance Reserve reflects an offset for Trust Funds. Under the modified accrual basis of accounting, when restricted cash and prepaid expenses are reported in the financial statements, they are to be equally offset by a fund balance reserve account. This indicates that even though restricted cash and prepaid insurance are components of net current assets, they do not represent "available spendable resources". The fund balance reserve indicates that restricted cash and prepaid insurance, reported on the financial statements, are designated for specific uses and, therefore, are not "available spendable resources".

N. Budgets

Annual operating budgets are adopted by the Township Board for the General Fund in accordance with Public Act 621 of 1978.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Budgets - continued

- a. Prior to March 1, the Supervisor submits to the Township Board, a proposed operating budget for the year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to April 1st, the budget is legally enacted through passage of an ordinance.
- d. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- e. Budget appropriations lapse at year end.
- f. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Township Board.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

The Township was in compliance with P.A. 621 of 1978, Section 18(1), as amended, for the fiscal year ended March 31, 2004, in all material respects, except as follows:

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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**NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN
 BUDGETARY FUNDS - Continued**

	<u>Original Budget</u>	<u>Actual</u>	<u>(Variance)</u>
General Fund:			
Legislative	\$ 5,166	\$ 10,985	\$(5,819)
Elections	1,000	1,025	(25)
Assessor	10,380	11,105	(725)
Treasurer	8,175	9,999	(1,824)
Building & grounds	2,000	2,230	(230)
Public Works	80,000	163,519	(83,519)

NOTE 3: CASH AND CASH INVESTMENTS

The Township's deposits are in accordance with statutory authority. The GASB Statement No. 3 risk disclosure for the Township's cash deposits are as follows:

	<u>Per Book</u>	<u>Per Bank</u>
Insured	\$225,397	\$292,922
Uninsured	<u> </u>	<u> </u>
Total	<u>\$225,397</u>	<u>\$292,922</u>

NOTE 4: INTERFUND TRANSACTIONS

Following is a description of the basic types of interfund transactions and the related accounting policy:

Transactions for services rendered or facilities provided; these transactions are recorded as revenue in the receiving fund and expenditures in the disbursing fund.

Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them; these transactions are recorded as transfers in and transfers out.

Interfund transactions are not eliminated for financial presentation purposes.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 5: CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows:

	04/01/03 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	03/31/04 <u>Balance</u>
Cemetery	\$ 12,955	\$	\$	\$ 12,955
Fire barn	20,250			20,250
Building	36,033			36,033
Equipment	<u>18,057</u>	<u> </u>	<u> </u>	<u>18,057</u>
Total	<u>\$ 87,295</u>	<u>\$</u>	<u>\$</u>	<u>\$ 87,295</u>

NOTE 6: PROPERTY TAX LEVY

	<u>Mills</u>	Adjusted <u>Levy</u>	<u>Collections</u>	<u>Delinquent</u>
Township-general	1.2030	\$ 27,335	\$ 24,528	\$ 2,807
Township-fire	.9060	20,585	18,471	2,114

Property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before March 1st. These tax bills include the Township's own property taxes and taxes billed on behalf of the County and School Districts within the Township boundaries. Real property taxes not collected as of March 1st are returned to Mecosta County for collection, which advances the Township 100 percent for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

The Township's Taxable Value is \$22,725,426.

NOTE 7: PENSION PLAN

The Township paid \$2,428.44 during the fiscal year 2003/04 to a group flexible annuity contract to fund the pension plan for eligible participants. The employees reimburse the Township for 50% of this cost.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 8: INDIVIDUAL FUNDS PRESENTATION

The General Fund and Agency Fund (Tax Collection Fund) are the only Township funds of their individual fund kind. Therefore, they are not presented in a combining statement in the supplemental data portion of this report.

NOTE 9: RELATED PARTY TRANSACTIONS

Nothing came to our attention during the audit effort that would warrant separate mention related to transactions between the Township and its employees and/or elected officials.

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

After reviewing the Township Board meeting minutes, and after discussion with staff and other consultations with the Township's legal firm, it appears that the Township has no material contingent liabilities at this time.

NOTE 11: SUBSEQUENT EVENTS

No subsequent events have come to our attention that require disclosure at this time.

NOTE 12: COMPARATIVE DATA

Comparative total data for the prior year has not been presented in the accompanying financial statements since the prior year financial statements were not audited.

NOTE 13: TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

SUPPLEMENTARY DATA SECTION

Combining and Individual Fund Statements

TOWNSHIP OF MILLBROOK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

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	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 27,351	\$ 27,335	\$
State grants	90,342	82,920	
Charges for services	200	6,961	
Sales	300	650	
Interest & rentals	6,184	4,186	
Other revenue	<u>411</u>	<u>902</u>	
 TOTAL REVENUES	 <u>124,788</u>	 <u>122,954</u>	 <u>(1,834)</u>
EXPENDITURES:			
Current:			
Legislative:			
Township Board:			
Salaries		1,846	
Advertising		84	
Insurance		5,650	
Miscellaneous		2,292	
Memberships & dues		613	
Contributions		<u>500</u>	
Total Legislative	<u>5,166</u>	<u>10,985</u>	<u>(5,819)</u>
General Government:			
Supervisor:			
Salary		3,461	
Supplies			
Total Supervisor	<u>3,880</u>	<u>3,461</u>	<u>419</u>
Elections:			
Fees		909	
Mileage		79	
Education		<u>37</u>	
Total Elections	<u>1,000</u>	<u>1,025</u>	<u>(25)</u>
Assessor:			
Salary		10,779	
Supplies		<u>326</u>	
Total Assessor	<u>10,380</u>	<u>11,105</u>	<u>(725)</u>

TOWNSHIP OF MILLBROOK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)

FOR THE YEAR ENDED MARCH 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government - Cont.			
Clerk:			
Salary		5,371	
Deputy		600	
Supplies		45	
Total Clerk	<u>6,875</u>	<u>6,016</u>	<u>859</u>
Board of Review:			
Salary		401	
Supplies		30	
Total Board of Review	<u>1,000</u>	<u>431</u>	<u>569</u>
Treasurer:			
Salary		7,407	
Deputy		600	
Supplies		1,992	
Total Treasurer	<u>8,175</u>	<u>9,999</u>	<u>(1,824)</u>
Building and Grounds:			
Wages		525	
Supplies		76	
Fuel		790	
Contracted services		140	
Utilities		699	
Total Building and Grounds	<u>2,000</u>	<u>2,230</u>	<u>(230)</u>

TOWNSHIP OF MILLBROOK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)

FOR THE YEAR ENDED MARCH 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government - Cont.			
Cemetery:			
Contracted services		2,503	
Temporary labor		622	
Grave openings		1,975	
Supplies		213	
Gas		39	
Utilities		182	
Repairs & maintenance		162	
Total Cemetery	<u>8,500</u>	<u>5,696</u>	<u>2,804</u>
Total General Government	<u>41,810</u>	<u>39,963</u>	<u>1,847</u>
Public Safety:			
Police-salary	<u>2,400</u>	<u>1,800</u>	<u>600</u>
Total Public Safety	<u>2,400</u>	<u>1,800</u>	<u>600</u>
Public Works:			
Streets & highways		162,829	
Street lighting		690	
Total Public Works	<u>80,000</u>	<u>163,519</u>	<u>(83,519)</u>
TOTAL EXPENDITURES	<u>129,376</u>	<u>216,267</u>	<u>(86,891)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,588)	(93,313)	(88,725)
FUND BALANCE, beginning	<u>315,775</u>	<u>316,861</u>	<u>1,086</u>
FUND BALANCE, ending	<u>\$311,187</u>	<u>\$223,548</u>	<u>\$ (87,639)</u>

TOWNSHIP OF MILLBROOK
COMBINING BALANCE SHEET
ALL FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	<u>Fiduciary Fund Types</u>			
	<u>Pension Plan Trust</u>	<u>Current Tax Collection</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
<u>ASSETS</u>				
Cash - savings	\$ 1,154	\$ 24,947	\$ 695	\$ 26,796
Cash - checking		677		677
TOTAL ASSETS	<u>\$ 1,154</u>	<u>\$ 25,624</u>	<u>\$ 695</u>	<u>\$ 27,473</u>
<u>LIABILITIES & FUND EQUITY</u>				
Liabilities:				
Due to general fund	\$	\$ 25,624	\$	\$ 25,624
Fund Equity:				
Fund balances:				
Reserved	<u>1,154</u>		<u>695</u>	<u>1,849</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,154</u>	<u>\$ 25,624</u>	<u>\$ 695</u>	<u>\$ 27,473</u>

TOWNSHIP OF MILLBROOK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ALL TRUST FUNDS
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	<u>Pension Plan Trust</u>	<u>Cemetery Perpetual Care</u>	<u>Year Ended March 31, 2004</u>
REVENUES:			
Reimbursements	\$ 1,214	\$	\$ 1,214
Perpetual care		300	300
Interest earnings	<u>5</u>	<u>4</u>	<u>9</u>
TOTAL REVENUES	1,219	304	1,523
EXPENSES	<u>1,214</u>	<u></u>	<u>1,214</u>
NET INCOME (LOSS)	5	304	309
FUND BALANCE, beginning	<u>1,149</u>	<u>391</u>	<u>1,540</u>
FUND BALANCE, ending	<u>\$ 1,154</u>	<u>\$ 695</u>	<u>\$ 1,849</u>

TOWNSHIP OF MILLBROOK
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
 FOR THE YEAR ENDED MARCH 31, 2004

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	Balance <u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>03/31/04</u>
<u>ASSETS</u>				
Cash - checking	\$ _____	\$ 676,838	\$ 676,838	\$ _____
TOTAL ASSETS	<u>\$ _____</u>	<u>\$ 676,838</u>	<u>\$ 676,838</u>	<u>\$ _____</u>
<u>LIABILITIES</u>				
Due to general fund	\$ _____	\$ 23,006	\$ 23,006	\$ _____
Due to other government units	_____	<u>653,832</u>	<u>653,832</u>	_____
TOTAL LIABILITIES	<u>\$ _____</u>	<u>\$ 676,838</u>	<u>\$ 676,838</u>	<u>\$ _____</u>

COMMENTS AND RECOMMENDATIONS

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
Fax (231) 946-1377

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, PC

July 16, 2004